

2024 ANNUAL REPORT

RISEUP
INDUSTRIES

...a place to belong.

CONCEIVE*BELIEVE*ACHIEVE

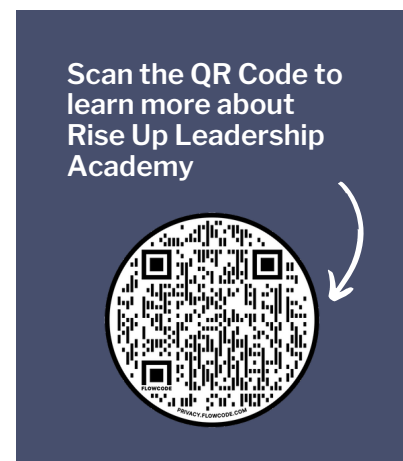
INTRODUCTION



2024 was a landmark year for Rise Up Industries (RUI). We launched a new gang prevention program and transitioned into a permanent facility that doubles our capacity for impact.

Now in its ninth year, the Reentry Program continues to maintain a 100% employment rate upon graduation. Our newest program, Rise Up Leadership Academy (RULA), welcomed its first cohort of fifth graders from City Heights —students who will be supported through high school graduation. Meanwhile, our Machine Shop Social Enterprise crossed the \$2.2 million revenue mark since inception while securing a major expansion grant from the U.S. Navy.

These milestones demonstrate both the growth of our programs and the deepening impact on the individuals and families we serve across San Diego. A summary of the year's activities is also included in the Annual Newsletter, attached as Enclosure 1.



PROGRAMS & SERVICES



REENTRY PROGRAM

In 2024, five more program members graduated the Reentry Program, bringing the total to 24 graduates since inception. Each graduate secured living-wage employment, with average starting wages in the mid-\$20s per hour plus benefits. Several alumni have gone on to achieve strong career growth, with some reaching six-figure earnings—illustrating not just employment upon graduation, but long-term economic mobility.



One graduate, for example, reached a six-figure role in manufacturing within two years. Despite the demands of his new position, he visited Rise Up to encourage current members—reminding them that perseverance pays off.

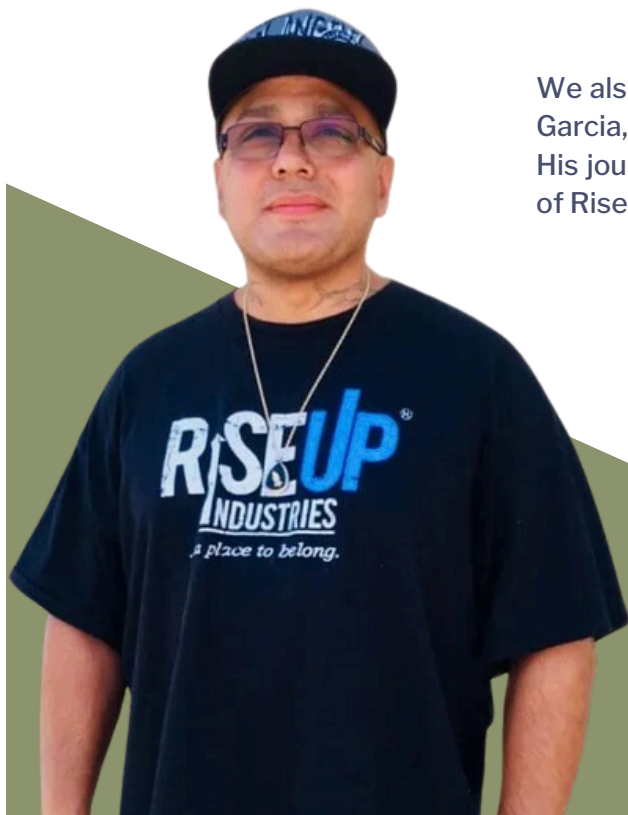
Employers notice the difference too. As one vice president of a manufacturing company put it:

“

I would hire 100 of your graduates if I could.

”

We also celebrated a milestone within our own walls—bringing on Ernie Garcia, our fifth graduate, as Production Controller in the Machine Shop. His journey from program participant to staff leader captures the spirit of Rise Up’s vision.



From trainee to leader—Ernie Garcia, RUI graduate and new Production Controller.

RISE UP LEADERSHIP ACADEMY (RULA)



September marked the launch of RUI's gang-prevention program, Rise Up Leadership Academy. The first cohort of 24 fifth-grade students enrolled through a partnership with Rosa Parks Elementary School and the City Heights Recreation Center.

Each year, a new cohort will join, and every cohort will continue receiving support through high school graduation. Rosa Parks Elementary has asked us to serve far more students than our current capacity allows—a powerful sign of both need and opportunity.



*The first class of RULA
students, City Heights, 2024*

SOCIAL ENTERPRISES



MACHINE SHOP SOCIAL ENTERPRISE (MSSE)

In 2024, the MSSE generated \$281,839 in revenue, bringing lifetime revenue to more than \$2.2 million. With a \$2.2 million grant from the U.S. Navy (via BlueForge Alliance), we are expanding to 15 CNC machines with capacity to serve 24 members at a time. This growth will create more training opportunities while meeting higher production demands.

OTHER ENTERPRISES

Our coffee and silk-screening ventures contributed modest revenue while building visibility for the Rise Up name. Both are designed to provide future employment pathways—especially for RULA students once they reach working age.



FACILITY



2024 was a pivotal year as RUI transitioned into its new 20,200 square-foot facility on Market Street.

- Phase I: Completed in September, enabling us to move in and begin operating the Machine Shop.
- Flood: In January, a flood disrupted construction and displaced tenants. Insurance proceeds covered repairs and upgrades, ultimately leaving the facility in a better state than before the flood.
- Phase II: The contract was executed in October to expand the Machine Shop, with projections to finish in 2025. It includes the buildout of shop offices, the training center, shipping and receiving office, laser etching room, break area, installation of ceiling fans, and upgrade of the existing restrooms.
- Phase III: Scheduled for 2025, is an electrical power upgrade needed to support the expanded number of CNC machines for full shop operations.

RISEUP
INDUSTRIES

*September
2024 -
Opened the
doors to our
new home!*

FINANCIALS



Rise Up Industries ended 2024 in a strong financial position. Total support and revenue reached \$5,257,039, and net assets grew to \$5,317,181—nearly doubling from the prior year.



Government grants provided \$2.18 million, while individuals, corporations, and foundations contributed \$1.83 million. Our community also rallied through fundraising: Big Night Out raised over \$180,000, and our year-end campaign raised nearly \$240,000.



We also recovered \$500,000 in insurance proceeds following flood damage, which covered the cost of repairs, fencing, office upgrades, and a portion of a new roof.



Celebrating community and transformation at Big Night Out 2024.



Working side by side, members learn the craft and teamwork that define Rise Up Industries.

FINANCIALS

AUDIT & COMPLIANCE

Our 2024 financials were audited by Pinnacle Accounting & Financial Services and approved by the Audit Committee. The full audited financials are attached as Enclosure 2.

RUI's Federal Form 990 and 990-T are posted on our website.

LLC & LOAN UPDATE

The Market Street facility is held by RUI-Market St LLC, with Rise Up Industries as sole manager. The LLC carries the building loan, structured as a 10-year payback period, and payments remain on schedule.

2025 OPERATING BUDGET

The 2025 Operating Budget was approved by the Board of Directors at the December 2024 Board Meeting and is attached as Enclosure 3.



CONCLUSION

2024 was a year of both challenges and blessings. We overcame setbacks, launched Rise Up Leadership Academy, and expanded the reach of the Reentry Program—demonstrating the resilience of our mission and the growing impact in the community.

From 100% of members gaining employment upon graduation, to youth who had a safe place to belong each day after school, the impact of your support is clear. None of this would have been possible without our dedicated staff, volunteers, donors, partners, and community.

We are also fortunate to be led by a committed Board of Directors, listed in Enclosure 4, who provide strategic guidance and steady support.

Together, we are expanding prevention and reentry pathways, creating opportunities for individuals and families across San Diego to build lives of stability, purpose, and hope.

With deep gratitude,



Jonathan Yackley
Executive Director

Enclosure List:

1. 2024 Annual Newsletter
2. 2024 Audited Financials
3. 2025 Operating Budget
4. Board of Directors List

RISEUP INDUSTRIES

...a place to belong.

2024 ANNUAL NEWSLETTER

*CONCEIVE*BELIEVE*ACHIEVE*

LETTER FROM THE EXECUTIVE DIRECTOR

This year has been one of both challenges and incredible growth. While the flood in January caused some setbacks at our new Market Street facility, damaging office spaces and affecting rental income, it also brought a wonderful blessing: insurance coverage for some renovation costs, which allowed us to upgrade the offices. Although there were delays with our Phase I construction, we successfully completed our move in September, followed by a roof replacement in November, and the exciting start of Phase II construction in December.

We are thrilled to share that despite these challenges, we celebrated 5 graduates this year, bringing our total to 24. We also welcomed 12 new individuals into our program, and with our expanded facility, we are excited to enroll 16 more in 2025!

We are deeply grateful to have secured a \$2.2M U.S. Navy contract to fuel the growth of our Machine Shop Social Enterprise (MSSE) and create valuable career opportunities for our graduates within the Maritime Industrial Base.

To prepare for the MSSE's expansion, which will feature 14 CNC machines and create space for 24 apprentices, we were fortunate to hire 2 new staff members: Ernie Garcia and Mark Huber. Ernie, our Reentry Program's 5th graduate, now serves as our Production Controller. Mark, our new Shop Supervisor, will lead lathe training efforts.

Perhaps the most exciting development of all was the launch of Rise Up Leadership Academy (RULA), our pilot gang prevention program in City Heights. Serving 5th grade students from Rosa Parks Elementary, RULA provides a safe and supportive space for youth to envision and pursue their life goals. Under the leadership of Mike Lucero, a '23 Reentry Program graduate, RULA offers students mentorship and guidance through high school graduation. See page 5 for more details!

We are truly grateful for the unwavering support of our volunteers, donors, and grantors. Your generosity is the driving force behind our success and growth. As we look ahead to 2025, we are excited about upcoming milestones, including the completion of renovations and the continued expansion of both our Reentry Program and RULA - giving us the opportunity to serve even more individuals and change more lives for the better.

Thank you for being part of this incredible journey!



Joe Gilbreath
Founder & Executive Director
Rise Up Industries



WE MOVED TO 5275 MARKET STREET!



Rise Up Industries purchased 5275 Market Street, San Diego 92114 in November 2022. Thanks to public and private support, we completed initial renovations and moved in September 2024!

The Machine Shop is 12,000 sq ft, allowing the Reentry Program to double its capacity from 12 to 24 members at a time.

We look forward to welcoming you to our Grand Opening Celebration in the spring of 2025!

2024 RENOVATION HIGHLIGHTS



JANUARY
Facility flooded!



MARCH
Drywall & doors completed.



APRIL
Paint & flooring completed.



AUGUST
CNC machines moved.

REENTRY PROGRAM

The full-time, 18-month Reentry Program is in its ninth year of operation and provides the following comprehensive services:

- Employment
- Job training
- Case management
- Tattoo removal
- Counseling
- Mentoring
- Financial literacy
- Education assistance
- Life skills training
- Work ethic development

A key program component is the Machine Shop Social Enterprise (MSSE), where members are trained for careers as CNC (Computer Numeric Control) machine operators. The MSSE provides both classroom instruction and on-the-job-training (OJT) in a U.S. DOL-approved apprenticeship program.

CNC occupations in San Diego:

- Have a supply gap
- Pay at or above living wages
- Have a low # of institutions that provide training

BY THE NUMBERS **Metrics correspond with Nov '23 - Oct '24*

64

people served
(22 in full-time program +
42 add'l with short-term
case management)

100%

of grads employed
by manufacturing
companies

3,000+

hours of support per
person during 18-
month program

\$24.67

average wage
upon graduation

COMPANIES WHO'VE HIRED GRADS

BMW Precision Machining	5th Axis
CNC Manufacturing	Grove Aircraft
Computer Integrated Machining	GV Industries
ENTEK Manufacturing	Pathway NPI
Peacock Tool & Engineering	QCM
Planetary Machine & Engineering	Solar Turbines
Pyramid Precision Machine	Toolcraft LLC
Southcoast Welding & Manufacturing	Tower Glass
S&S Carbide Tool	
Weldmac Manufacturing	

MSSE MAJOR CUSTOMERS

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GKN Aerospace Engine Systems
Gondola Skate
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Mil-Spec Metallics
On Premise Products

MEMBER SPOTLIGHT: EDI

“I grew up with three brothers. My parents were there for us as much as they could be, but they also worked a lot to make sure we had everything we needed. We lived in Tijuana, so we had to cross the border early every morning to go to school. After school, we’d stay with family members close by. But we felt unwelcome. They didn’t want us around even though they were family and we were just kids waiting to go home to mom and dad. Instead of being with family after school, I started to hang out with friends. I felt they cared for me more than my family did. Some of my friends were already in gangs, so I followed in their footsteps. I would think, ‘my friend has this, and he has that – I want the same. My parents can’t give to me? Well, I can find a different way to get it.’ This is how my life in gangs and drugs got started.

A month after I was sentenced to nine years in prison, my twin brother passed away. Everything changed for me after that. It made me think, ‘What am I doing with my life?’ I had my family to think about, who were already going through so much; they were helping me when I felt that I should be helping them. I especially had to think about the baby daughter that my twin left behind, and my own son who I wanted to be proud of me. I thought of how out of something negative, there can be something positive. I started using my time to work on myself, learn, and see the things I did wrong and do them differently.

I got out in November 2023, a few months earlier than I was supposed to. I surprised my whole family and only told my mom the day before I got out. I was able to be home for the holidays and have my first Christmas in nine years. I was able to find a couple jobs after coming home, but I wanted to find a career. My parole officer told me about Rise Up, and then I met someone at my sober living home’s Super Bowl party who connected me with Mike Lucero at Rise Up. At first, I didn’t know anything about CNC, but I’ve learned so much since working here. Being with Rise Up has felt like being with another family. Everyone here stops what they’re doing to help each other.



Being here has changed my life. I’m going to keep working hard so my son can look up at a plane one day and say, ‘My dad helped make that.’ If I can do it, then I’m pretty sure anybody else can; you just have to put your mind to it and be hungry for it.”

Edi joined the Reentry Program in April 2024, bringing with him a contagious sense of humor and a strong drive to learn. Edi shares how transforming his mindset has helped him become the kind of person that will make his son proud.

RISE UP LEADERSHIP ACADEMY (RULA)



We are thrilled to announce the launch of Rise Up Leadership Academy (RULA)!

RULA is a dynamic, year-round program that provides a fun and safe place for youth to belong. RULA launched in August 2024, in partnership with Rosa Parks Elementary and the City Heights Recreation Center. RULA began with an initial cohort of 24 fifth graders and plans to walk alongside these students through high school graduation, adding a new 5th grade cohort each year. RULA students receive over 1,300 hours of support annually.

RULA ACTIVITIES



academic support



sports & recreation



skill-building workshops



guest speakers

Scan QR Code to learn more



“Rosa Parks is nestled right in the heart of City Heights. We have a very diverse community that our students come from with many languages spoken. Having been a part of this school for ten years, I’ve noticed a trend where our students leave our school and then become very different than what we experienced here. There is much more of an influence of gang activity. There’s a lot more pressure to join gangs.

Instead of gang involvement, [RULA] provides a positive outlet, a positive connection, for our students within the community.”

-Christina Prado, Rosa Parks Elementary Principal



STAFF SPOTLIGHT: WENDY DAVIS

“On September 12, 2016, my 26-year old son, Lorange Alan Davis, was sentenced to 31 years in the California Department of Corrections State Prison system.

Just getting out of the courtroom that day was almost impossible. My whole body was numb, my legs felt paralyzed, and I had a handkerchief stuffed in my mouth so that no one could hear my ugly cries.

Once I got out of the courtroom, I found the closest wall and just tried to hold myself up against it until I had the strength in my legs to walk down the stairs and get out of that building. My daughter had to lead me out through the parking lot, as I could not fathom leaving my son at that courthouse.

I CANNOT LEAVE HIM HERE, I CANNOT LEAVE HIM HERE....was all that I kept screaming!! It felt like I had just watched my only son die right in front of me.

Today, I stand here as the Mother of inmate #AP4035 and the Case Manager at Rise Up Industries. This is a place where miracles happen.



I took my pain and sadness and turned it into my passion – working with the formerly incarcerated population. The men I work with on a daily basis need understanding, compassion and love. They all work hard at healing past trauma, changing old thought patterns, and creating a new, positive way of living. I help facilitate that by being a caring listener, someone who does not judge, someone who can help them break the cycle of incarceration.

These men deserve a second chance, third chance or maybe even a fourth chance in society to become the men that God created them to be.

I do this work because of the miracles that I see each and every day in our program. I also do this work because I hope God will someday provide someone just like me to help my son reenter into society and bless him with the understanding, compassion and love that he will need to be successful.”

Wendy Davis, Rise Up Industries’ Case Manager, kicked off Big Night Out 2024 with this deeply personal and powerful story. Speaking from the heart of a mother with an incarcerated son, Wendy’s words captivated the audience and shed light on the emotional journey of incarceration and reentry.

BIG NIGHT OUT



Big Night Out, Rise Up Industries' seventh annual gala, took place on Saturday, September 7, 2024, at the Hyatt Regency La Jolla at Aventine. The evening drew 270 attendees passionate about reentry, philanthropy, and advanced manufacturing, raising over \$182,000 to support program growth in 2025.

Scan QR Code
to access the
event recording



One event highlight - Reentry Program members/alumni met Rolf Benirschke on stage! Rolf's own comeback story mirrors their journeys of resilience and transformation. Joe Tapia, the program's fourth alumnus, shared his powerful story of growth, likening it to the steady progress of a desert turtle. After years apart, he and his two brothers—each one who received a life sentence—are now reunited and building new futures together.

A heartfelt thank you to everyone who attended and supported this incredible evening. We look forward to seeing you again in the fall of 2025!

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2025 GOALS

Rise Up Industries' incorporated in 2013 with a mission to minimize gang involvement by providing integrated gang prevention, gang intervention, and post-detention reentry services.

In alignment with this mission, Rise Up Industries aims to complete the following goals in 2025:



1. Complete Facility Renovations

After seven years operating out of a 3,200 sf training facility, in September 2024 Rise Up Industries moved into a 12,000 sf facility. This year, we aim to:

- Build out machine shop offices;
- Upgrade the shop power to support additional CNC machines; and
- Install 8 new CNC machines.

We look forward to welcoming you to our Grand Opening Celebration in the spring of 2025!



2. Expand & Enhance the Reentry Program

100% of Reentry Program graduates were employed at a living wage upon graduation by local manufacturing companies. This year, we aim to:

- Expand the program's enrollment to 22 members at a time; and
- Enhance the apprenticeship with three new certifications: CA State Apprenticeship, NIMS, and Forklift.



3. Expand Rise Up Leadership Academy (RULA)

RULA's first pilot cohort launched in August 2024 with 24 fifth graders from Rosa Parks Elementary. RULA will support these students through high school graduation. This year, we aim to:

- Expand the program's enrollment to 48 students.

Reentry Program members & graduates at Big Night Out 2024.



SUPPORTERS

November 2023 - October 2024

We are so grateful for the partners who make this work possible!

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November 2023 - October 2024

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Program
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DOUBLE THE IMPACT OF YOUR YEAR-END DONATION!



GIVING TUESDAY-YEAR END MATCH CAMPAIGN

An anonymous donor has pledged to match dollar for dollar all donations received between Giving Tuesday, December 3rd, and Tuesday, December 31st, up to \$125,000!

All funds raised will support Rise Up Industries in expanding the capacity of the Reentry Program and RULA in 2025.

Two easy ways to give:

- Mail a check to Rise Up Industries at 5275 Market St, Ste 1, San Diego, CA 92114
- Give online at bit.ly/RiseUpGivingTuesday



Rise Up Industries

5275 Market St, Ste 1
San Diego, CA 92114

(619) 457-0790
info@riseupindustries.org

riseupindustries.org



Mission

Minimize gang involvement by providing integrated gang prevention, gang intervention, and post-detention reentry services.

Rise Up Industries is committed to maintaining the highest standards in our work, including our commitment to financial integrity. Rise Up Industries is recognized by Candid (formerly known as GuideStar) for our commitment to financial responsibility, accountability, and transparency. You may view our financial statements at <https://riseupindustries.org/about/reports>.



**RISE UP INDUSTRIES
MARKET ST, LLC
CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2024**



Pinnacle Accounting
& FINANCIAL SERVICES

INDEPENDENT AUDITORS' REPORT

Board of Directors
Market St, LLC
Rise Up Industries
San Diego, CA

Opinion

We have audited the accompanying consolidated financial statements of Rise Up Industries (a nonprofit organization) and Market St, LLC, which comprise the consolidated statements of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Rise Up Industries including Market St, LLC as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rise Up Industries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rise Up Industries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rise Up Industries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rise Up Industries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 18, 2025, on our consideration of Rise Up Industries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rise Up Industries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Rise Up Industries' internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Rise Up Industries' December 31, 2023, financial statements under auditing standards generally accepted in the United States of America, and expressed an unmodified audit opinion on those audited financial statements in our report dated September 16, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Pinnacle Accounting & Financial Services

PINNACLE ACCOUNTING & FINANCIAL SERVICES

Certified Public Accountants

Gold River, CA

August 19, 2025

RISE UP INDUSTRIES & MARKET ST, LLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2024
(With Comparative Information for December 31, 2023)

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,042,010	\$ 1,588,994
Accounts receivable	225,130	83,470
Contracts and grants receivable	15,745	39,214
Inventory	183,359	103,781
Prepaid expenses	7,429	9,498
Security deposits	-	2,719
Other assets	17,011	28,511
Total current assets	1,490,684	1,856,187
PROPERTY AND EQUIPMENT, net	5,245,971	2,791,442
TOTAL ASSETS	<u>\$ 6,736,655</u>	<u>\$ 4,647,629</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 29,097	\$ 561,531
Credit cards payable	21,361	6,459
Accrued payroll	96,867	45,815
Total current liabilities	147,325	613,805
NONCURRENT LIABILITIES:		
Security deposits	7,249	-
Mortgage Loan	1,264,900	1,264,900
Total noncurrent liabilities	1,272,149	1,264,900
TOTAL LIABILITIES	1,419,474	1,878,705
NET ASSETS :		
Without donor restrictions	4,964,917	1,933,182
With donor restrictions	352,264	835,742
Total net assets	5,317,181	2,768,924
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,736,655</u>	<u>\$ 4,647,629</u>

See accompanying notes to consolidated financial statements.

RISE UP INDUSTRIES & MARKET ST, LLC
CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

(With Summarized Comparative Information for the Year Ended December 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
SUPPORT AND REVENUE:				
Contributions and private grants	\$ 1,410,638	\$ 419,150	\$ 1,829,788	\$ 1,023,793
Government grants	2,180,989	-	2,180,989	893,714
Insurance Refund	500,000	-	500,000	-
Rental income	56,055	-	56,055	-
Non-financial assets contributions	149,999	-	149,999	52,539
Fundraising revenue	260,680	-	260,680	262,461
Less: fundraising expenses	(73,998)	-	(73,998)	(48,102)
Coffee enterprise	10,303	-	10,303	11,282
Machine shop operations	281,839	-	281,839	310,316
Silkscreening embroidery revenue	23,989	-	23,989	23,373
Merchandise sales	1,969	-	1,969	3,502
Recycling revenue	2,363	-	2,363	1,088
Other sales	12,150	-	12,150	600
Miscellaneous revenue	10,408	-	10,408	8,229
Interest income	10,505	-	10,505	29,157
Net assets released from restrictions	902,628	(902,628)	-	-
Total support and revenue	5,740,517	(483,478)	5,257,039	2,571,952
EXPENSES:				
Program services	2,156,972	-	2,156,972	1,267,472
Management and general	370,282	-	370,282	385,319
Fundraising	181,528	-	181,528	140,061
Total expenses	2,708,782	-	2,708,782	1,792,852
CHANGE IN NET ASSETS	3,031,735	(483,478)	2,548,257	779,100
NET ASSETS, BEGINNING	1,933,182	835,742	2,768,924	1,989,824
NET ASSETS, ENDING	\$ 4,964,917	\$ 352,264	\$ 5,317,181	\$ 2,768,924

See accompanying notes to consolidated financial statements.

RISE UP INDUSTRIES & MARKET ST, LLC **CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES** **Year Ended December 31, 2024** **(With Summarized Comparative Information for the Year Ended December 31, 2023)**

	Rise Up Industries						Market St, LLC					
	Program Services			Supporting			Program Services			Management & General		
	Machine Shop	Silk Screening	Member Services	Other Program	Total Program	Management & General	Fundraising	Total	Program Services	Management & General	Total	Total 2024
PAYROLL EXPENSES												
Salaries and Wages	\$ 897,397	\$ 6,871	\$ 124,564	\$ 1,776	\$ 1,030,608	\$ 231,456	\$ 138,892	\$ 1,400,956	\$ -	\$ -	\$ -	\$ 1,400,956
Payroll Taxes	72,208	546	9,608	122	82,484	23,482	10,598	116,564	-	-	-	116,564
Workers compensation insurance	15,479	110	1,982	28	17,599	3,250	2,210	23,059	-	-	-	23,059
Employee Benefits	10,532	74	1,349	19	11,974	2,211	1,504	15,689	-	-	-	15,689
Total payroll expenses	995,616	7,601	137,503	1,945	1,142,665	260,399	153,204	1,556,268	-	-	-	1,556,268
OTHER EXPENSES												
Cost of Goods Sold	146,077	17,055	310	7,058	170,500	-	-	170,500	-	-	-	170,500
Depreciation	62,116	-	-	-	62,116	-	-	62,116	-	-	-	62,116
Machine Shop Tools	70,317	-	-	-	70,317	-	-	70,317	-	-	-	70,317
Interest Expense	-	-	-	-	-	-	-	-	-	76,102	76,102	76,102
Occupancy	29,414	207	13,896	54	43,571	6,263	4,178	54,012	-	-	-	54,012
Contributed non-financial assets	25,750	-	80	-	25,830	7,738	8,031	41,599	-	-	-	41,599
Miscellaneous Expenses	10,540	62	29,034	-	39,636	1,190	6,585	47,411	127,918	-	127,918	175,329
Business Permits & Fees	1,890	-	-	-	1,890	-	30	1,920	-	-	-	1,920
Equipment	39,840	-	2,221	-	42,061	1,248	-	43,309	-	-	-	43,309
Supplies	26,846	-	9,552	-	36,398	-	225	36,623	-	201	201	36,824
Computer Software	11,502	28	524	7	12,061	1,942	4,174	18,177	-	-	-	18,177
Legal and Audit	-	-	-	-	-	10,000	1,425	10,000	-	-	-	10,000
Insurance	9,984	71	1,278	18	11,351	2,096	1,425	14,872	-	-	-	14,872
Printing and Postage	2,442	73	485	65	3,065	-	1,094	4,159	-	-	-	4,159
Counseling	4,500	-	-	-	4,500	-	-	4,500	-	-	-	4,500
Staff Development	1,639	-	-	-	1,639	-	-	1,639	-	-	-	1,639
Information Technology	5,897	41	928	11	6,877	1,215	826	8,918	-	-	-	8,918
Meetings and Conferences	4,495	-	4,745	-	9,240	70	404	9,714	-	-	-	9,714
Transportation	3,655	576	446	6	4,683	732	637	6,052	-	-	-	6,052
Repairs and Maintenance	5,008	-	641	9	5,658	1,086	715	7,459	323,451	-	323,451	330,910
Advertising and Promotion	-	-	855	-	855	-	-	855	-	-	-	855
Case Management	1,643	-	-	-	1,643	-	-	1,643	-	-	-	1,643
Tools for members	9,047	-	-	-	9,047	-	-	9,047	-	-	-	9,047
TOTAL EXPENSES	\$ 1,468,218	\$ 25,714	\$ 202,498	\$ 9,173	\$ 1,705,603	\$ 293,979	\$ 181,528	\$ 2,181,110	\$ 451,369	\$ 76,303	\$ 527,672	\$ 2,708,782
												\$ 1,792,852

See accompanying notes to consolidated financial statements.

RISE UP INDUSTRIES & MARKET ST, LLC
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2024
(With Comparative Information for the Year Ended December 31, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,548,257	\$ 779,100
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	62,116	53,579
(Increase) decrease in:		
Accounts receivable	(141,660)	37,016
Contracts and grants receivable	23,469	6,720
Inventory	(79,578)	7,329
Prepaid expenses	2,069	3,055
Security deposits	2,719	-
Other assets	11,500	(3,136)
(Increase) decrease in:		
Accounts payable	(532,434)	542,552
Credit cards payable	14,902	(5,431)
Payroll liabilities	51,052	23,163
Security deposits	7,249	-
Total adjustments	(578,596)	664,847
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,969,661	1,443,947
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(2,516,645)	(740,244)
Investment in LLC	-	-
NET CASH USED IN INVESTING ACTIVITIES	(2,516,645)	(740,244)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	-	(100,000)
NET CASH USED IN FINANCING ACTIVITIES	-	(100,000)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(546,984)	603,703
CASH AND CASH EQUIVALENTS, Beginning of year	1,588,994	985,291
CASH AND CASH EQUIVALENTS, End of year	\$ 1,042,010	\$ 1,588,994

See accompanying notes to consolidated financial statements.

RISE UP INDUSTRIES & MARKET ST, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting entity – Rise Up Industries (the “Organization”) was incorporated on May 13, 2013, pursuant to the general nonprofit corporation law of the State of California.

The organization was formed to minimize gang involvement by providing integrated gang prevention, gang intervention and post-detention reentry services for former gang-involved individuals. A key component of the Reentry Program is Machine Shop Enterprise (MSSE), where the Organization prepares formerly incarcerated, previously gang-involved individuals for careers as CNC (Computer Numeric Control) Machine Shop Operators. Members Receive additional wraparound support services, such as counseling, case management, financial literacy, therapy for PTSD, mentoring, education assistance, tattoo removal, and 12-step groups for drug and alcohol recovery. The Organization pays members full-time wages as they work their way through the 18-month program.

The Organization also operates a purchasing program for individuals, churches, and other organizations interested in ordering specialty coffee on a regular basis, as well as a screen printing and embroidery program that produces shirts for organizations.

The Organization provides its programs through its office and machine shop located in San Diego, California.

Standards of reporting – The Organization prepares its financial statements using the accrual basis method of accounting. Revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not for-Profit Organizations" (the "Guide"). ASC 958-205 was effective January 1, 2018.

Net assets – Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets which are available for use in general operations and not subject to donor restrictions. These net assets generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

RISE UP INDUSTRIES & MARKET ST, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Net assets (continued) –

Net assets without donor restrictions-board designated – Net assets comprised of resources that the Board of Directors has established as being designated for particular purposes. For purposes of complying with net assets accounting, this fund is included in unrestricted net assets as of December 31, 2024.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met with the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Measure of operations – The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing services and interest earned. Nonoperating activities are limited to resources and other activities considered to be of a more unusual or nonrecurring nature.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Cash and cash equivalents – For the purpose of the statements of financial position and cash flows, cash and cash equivalents consist of certificates of deposit and securities with original terms of maturity of less than three months.

Accounts receivable – Accounts Receivable are stated net of an allowance for doubtful accounts. It is the policy of management to review the outstanding accounts receivable at year-end, as well as the bad debt write offs experienced in the past to establish an allowance for doubtful accounts. Accounts receivable consists of trade accounts receivable from sales. Based on the judgment of management and past collection histories, no allowance for doubtful accounts has been recorded as of December 31, 2024.

RISE UP INDUSTRIES & MARKET ST, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Disclosures by business entities about government assistance – In October 2021, the FASB Issued ASU 2021-10 Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance, which aims to provide increased transparency by requiring business entities to disclose information about certain types of government assistance they receive in the notes to the financial statements. The disclosure requirements in ASC 832 apply only to transactions with a government that are accounted for by analogizing to either a grant model (for example, in International Accounting Standard (IAS) 20, Accounting for Government Grants and Disclosure of Government Assistance), or a contribution model (for example, in ASC 958-605, Not-for-Profit Entities - Revenue Recognition). ASC 832 requires the following disclosures about government assistance transactions in the notes to the annual financial statements:

- Information about the nature of the transactions, including a general description and the form (cash or other assets, for example) in which the assistance has been received.
- The accounting policies used to account for the transactions.
- Line items on the balance sheet and income statement affected by the transactions and the amounts applicable to each financial statement line item in the current reporting period.

Entities are required to provide the new disclosures prospectively for all transactions with a government entity that are accounted for under either a grant or a contribution accounting model and are reflected in the financial statements at the date of initially applying the new amendments, and to new transactions entered after that date. Retrospective application of the guidance is permitted. The guidance in ASU 2021-10 is effective for financial statements of all entities, including private companies, for annual periods beginning after December 15, 2021, with early application permitted.

RISE UP INDUSTRIES & MARKET ST, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Contracts and grants receivable – Contracts and Grants Receivable consist primarily of amounts due from various organizations for on-the-job training subsidies. All such receivables are stated at the amount management expects to collect.

Inventory – Inventory is valued at lower of cost or market value.

Prepaid Expense – Expense items of a nature which will benefit future periods are charged to the prepaid expense account and are amortized over the actual periods benefitted.

Fixed assets – All acquisitions of fixed assets in excess of \$1,500. Machine shop equipment with a cost in excess of \$20,000 is assigned a ten percent salvage value. and all expenditures for repairs, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Fixed assets are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method based on estimated useful lives of the assets which range from three to forty years.

At the time of retirement or other disposition, the cost and accumulated depreciation or amortization are removed from the accounts and any resulting gain or loss is reflected in the accompanying statements of activities.

Contributed non-financial assets – Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with a variety of programs. \$5,000 have been recognized for real estate services in the statement of activities for the year ended December 31, 2024.

Contributions – Contributions are recognized when the donor makes a promise to give The Organization that is in substance, unconditional. All donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

RISE UP INDUSTRIES & MARKET ST, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Revenue from contracts with customers – The Organization adopted Financial Accounting Standards Board's (FASB) accounting standards update (ASU) ASU 2014-09, Revenue from Contracts with Customers (Topic 606) effective January 1, 2021. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization generally measures revenue based on the amount of consideration it expects to be entitled for the transfer of goods to a customer, then recognizes this revenue when The Organization satisfies its performance obligations. The Organization evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognize revenue when (or as) each performance obligation is satisfied. In accordance with FASB ASC 606-10-50-14, The Organization has elected not to disclose certain information about its remaining performance obligations, as such obligations relate to contracts with an original expected duration of one year or less.

The Organization has determined that machine shop revenue and other such sales and a portion of revenue received for event sponsorship and tickets represent exchange transactions that must be recognized under ASC 606. The Organization recognized sales at a point in time when the sale occurs and there is a transfer of goods to the customer. The Organization has no further performance obligations related to the sales and there are no additional services required by The Organization. Revenue from sponsorships at events and ticket sales to events is recognized on the date the funds are received. Meals and entertainment are the only performance obligations of more than nominal value for these contracts. Event ticket purchases and sponsorship fees received prior to the event taking place are recognized as deferred revenue and recognized in future periods when the event occurs.

Program revenue – Program revenue comprises revenue from various private entities that provide subsidies for on-the job training. These revenues are recognized as the training occurs and the beneficiary of the program receives the benefit. These transactions have been determined not to be exchange transactions.

Government grants – The Organization receives pass-through funding from various non-profit organizations that are subrecipients of state funded and federal funding sources. As the beneficiary of the program receives the benefit, these transactions are determined not to be exchange transactions.

Expense allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

RISE UP INDUSTRIES & MARKET ST, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Income taxes – Rise Up Industries is an organization exempt from federal and California income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d), respectively. The Organization's exempt tax returns may be subject to examination for up to four years for California and three years for the Internal Revenue Service after they are filed. The Organization has evaluated its current tax positions and believes there are no uncertain tax positions for which a reserve would be necessary.

Concentration of credit risk – The Organization held a combined total of \$3,276,100 at two financial institutions at December 31, 2024. This amount is in excess of the federally insured limit of \$250,000 per depositor. The Organization has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

Market St, LLC maintains its cash balance in one financial institution. As of December 31, 2024, the cash balance was fully insured.

Risks and uncertainties – Certain of the Organization's services are governed by grant agreements with private donors and foundations. There can be no assurances that the Organization will be able to obtain future grant agreements as deemed necessary by management. The loss of some of the current grants or the inability to obtain future grants could have an adverse effect on the Organization's financial position and results of activities. Management believes that they will be able to continue obtaining appropriate agreements to fund future operations based on their historical ability to obtain new grant agreements and based on their relationships with continuing donors.

Impairment of long-lived assets – Management assesses the recoverability of its long-lived assets upon the occurrence of a triggering event by determining whether the depreciation of long-lived assets over their remaining lives can be recovered through projected undiscounted future cash flows. The amount of long-lived asset impairment, if any, is measured based on fair value and is charged to operations in the period in which impairment is determined by management. At December 31, 2024, management believes there is no impairment of its long-lived assets. There can be no assurance however, that market conditions will not change or demand for the Organization's services will continue, which could result in impairment of long-lived assets in the future.

Compensated absences – The Organization accrues unpaid vacation and sick time computed in accordance with the Organization's employment policy. Total accrued compensated absence balance as of December 31, 2024, is \$41,299.

Going concern – Management evaluates whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period of one year from the date the financial statements are available to be issued.

RISE UP INDUSTRIES & MARKET ST, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2024

NOTE 2 – LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position to date, comprise the following:

	2024
Cash and cash equivalents	\$ 1,042,010
Receivables	225,130
Contracts and grants receivable	<u>15,745</u>
 Total financial assets at year-end	 1,282,885
Less those unavailable for general expenditures within one year, due to:	
Donor purpose restricted financial assets	<u>(352,264)</u>
 Financial assets available to meet cash needs for general expenditures within one year.	 <u>\$ 930,621</u>

The Organization maintains a liquid cash balance in checking accounts in an amount necessary to meet anticipated expenditures for at least the next 60 days.

NOTE 3 – PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following at December 31, 2024:

	2024
Furniture, fixtures and equipment	\$ 933,698
Tenant improvements	20,222
Building	1,686,868
Construction in Progress	<u>2,980,936</u>
 Total	 5,621,724
Accumulated depreciation	<u>(375,753)</u>
 Net property and equipment	 <u><u>\$ 5,245,971</u></u>

Depreciation expense for the year ended December 31, 2024 was \$62,116.

RISE UP INDUSTRIES & MARKET ST, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2024

NOTE 4 – INCOME TAXES:

The Financial Accounting Standards Board (FASB) FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, (FIN 48) which was subsequently included in the FASB Codification as ASC 70, prescribes a recognition threshold and measurement attribute for financial statements recognition and measurement of a tax position taken or expected to be taken in a tax return. Management has evaluated its uncertain tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist.

The Organization is generally exempt from federal income taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the California Revenue and Taxation Code. The Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. Contributions are tax-deductible by the donors.

The Organization is required to report and pay income tax on unrelated business income (UBIT), if any. For the year ended December 31, 2024, the Organization had two sources of UBIT, sales of merchandise through the Organization, and another through a disregarded entity for income tax purposes, RUI-Market St, LLC (LLC) (See Note 10) as follows:

	2024		
	Merchandise		
	Sales	LLC	Total
Revenue	\$ 36,002	\$ -	\$ 36,002
Cost of Goods Sold	(24,113)	-	(24,113)
Direct Expenses	-	28,383	28,383
Indirect Expenses	(10,730)	-	(10,730)
Net Income	<u>\$ 1,159</u>	<u>\$ 28,383</u>	<u>\$ 29,542</u>

The Organization's federal income tax returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed; and the California Franchise Tax Board, generally for four years after they are filed.

RISE UP INDUSTRIES & MARKET ST, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2024

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	<u>12/31/2023</u>	<u>Additions</u>	<u>Released</u>	<u>12/31/2024</u>
Purpose Restricted:				
Wages and benefits	\$ 70,471	\$ 16,000	\$ (70,471)	\$ 16,000
Equipment and tools	114,361	-	(65,329)	49,032
Reentry program	20,000	375,000	(116,225)	278,775
Prevention program	82		(82)	-
RULA program	-	25,000	(17,528)	7,472
Office equipment	4,594	3,150	(6,759)	985
Building expansion and remodel	626,234	-	(626,234)	-
	<u>\$ 835,742</u>	<u>\$ 419,150</u>	<u>\$ (902,628)</u>	<u>\$ 352,264</u>

NOTE 6 – OPERATING LEASE:

In November 2019, The Organization entered into a sub-lease agreement for its office space with monthly payments of \$2,719 which expired April 30, 2021. The lease was renewed for an additional year with an option to renew with a 2% monthly increase. The Organization exercised its option to renew effective May 1, 2022, for an additional year, expiring May 1, 2023.

Since the expiration of the lease in May 2023, the Organization rented on a month-to-month basis until it relocated to 5275 Market Street, San Diego, California. address partially owned by the LLC formed by The Organization (See Note 9). The relocation took place in October 2024.

RISE UP INDUSTRIES & MARKET ST, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2024

NOTE 7 – CONCENTRATION OF RISK - REVENUE:

The Organization's operations rely significantly on funding from Machine Shop Operations. During the year ended December 31, 2024, the amount received through this program was \$281,839, approximately 5% of total revenue.

The Organization's operations also relied significantly on government grants in 2024. During the year ended December 31, 2024, The Organization received \$2,180,989 in government funding, approximately 41% of total revenue.

NOTE 8 – CALSAVERS RETIREMENT PLAN:

The Organization participates in a California State sponsored retirement plan CalSavers, overseen by the California Retirement Savings Board (CRSB). Employees of the Organization can voluntarily contribute to this retirement plan, subject to the eligibility requirements of the CRSB.

NOTE 9 – RUI-Market St, LLC:

On August 25, 2022, the Organization formed RUI-Market St, LLC (LLC), which was formed to operate exclusively to further the charitable purpose of its member and cannot be merged with or converted into a for-profit entity.

In November 2022 the LLC purchased the property known as Bryco Business Park located at 5275 Market Street, San Diego, California along with another non-related entity. Each entity receives rental income from designated sections of the building and all expenses are divided equally.

NOTE 10 – DATE OF MANAGEMENT'S REVIEW:

The Organization's management has evaluated subsequent events through August 18, 2025, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require adjustment to, or disclosures in, the financial statements.

SUPPLEMENTARY INFORMATION

RISE UP INDUSTRIES & MARKET ST, LLC
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024
(With Summarized Comparative Information for the Year Ended December 31, 2023)

	Rise Up Industries			Market St. LLC		Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:								
Contributions and private grants	\$ 1,410,638	\$ 419,150	\$ 1,829,788	\$ -	\$ -	\$ 1,410,638	\$ 419,150	\$ 1,829,788
Government grants	2,180,989	-	2,180,989	-	-	2,180,989	-	2,180,989
Insurance Refund	-	-	-	500,000	-	500,000	-	500,000
Rental income	-	-	-	56,055	-	56,055	-	56,055
Non-financial assets contributions	149,999	-	149,999	-	-	149,999	-	149,999
Fundraising revenue	260,680	-	260,680	-	-	260,680	-	260,680
Less: fundraising expenses	(73,998)	-	(73,998)	-	-	(73,998)	-	(73,998)
Coffee enterprise	10,303	-	10,303	-	-	10,303	-	10,303
Machine shop operations	281,839	-	281,839	-	-	281,839	-	281,839
Silkscreening embroidery revenue	23,989	-	23,989	-	-	23,989	-	23,989
Merchandise sales	1,969	-	1,969	-	-	1,969	-	1,969
Recycling revenue	2,363	-	2,363	-	-	2,363	-	2,363
Other sales	12,150	-	12,150	-	-	12,150	-	12,150
Miscellaneous revenue	10,408	-	10,408	-	-	10,408	-	10,408
Interest income	10,505	-	10,505	-	-	10,505	-	10,505
Net assets released from restrictions	902,628	(902,628)	-	-	-	902,628	(902,628)	-
Total support and revenue	5,184,462	(483,478)	4,700,984	556,055	-	5,740,517	(483,478)	5,257,039
EXPENSES:								
Program services	1,705,603	-	1,705,603	451,369	-	2,156,972	-	2,156,972
Management and general	293,979	-	293,979	76,303	-	370,282	-	370,282
Fundraising	181,528	-	181,528	-	-	181,528	-	181,528
Total expenses	2,181,110	-	2,181,110	527,672	-	2,708,782	-	2,708,782
CHANGE IN NET ASSETS	3,003,352	(483,478)	2,519,874	28,383	-	3,031,735	(483,478)	2,548,257
NET ASSETS, BEGINNING	1,310,514	835,742	2,146,256	3,415,574	(2,792,906)	1,933,182	835,742	2,768,924
NET ASSETS, ENDING	\$ 4,313,866	\$ 352,264	\$ 4,666,130	\$ 3,443,957	\$ (2,792,906)	\$ 4,964,917	\$ 352,264	\$ 5,317,181

See accompanying notes to consolidated financial statements.

RISE UP INDUSTRIES & MARKET ST, LLC
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2024

	<u>Rise Up Industries</u>	<u>Market St, LLC</u>	<u>Eliminations</u>	<u>Total</u>
	<u>ASSETS</u>			
CURRENT ASSETS:				
Cash and cash equivalents	\$ 3,776,100	\$ 58,816	\$ (2,792,906)	\$ 1,042,010
Accounts receivable	225,130	-	-	225,130
Contracts and grants receivable	15,745	-	-	15,745
Inventory	183,359	-	-	183,359
Prepaid expenses	7,429	-	-	7,429
Other assets	17,011	-	-	17,011
Total current assets	4,224,774	58,816	(2,792,906)	1,490,684
PROPERTY AND EQUIPMENT, net	578,167	4,667,804	-	5,245,971
TOTAL ASSETS	<u>\$ 4,802,941</u>	<u>\$ 4,726,620</u>	<u>\$ (2,792,906)</u>	<u>\$ 6,736,655</u>
	<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:				
Accounts payable	\$ 18,583	\$ 10,514	\$ -	\$ 29,097
Credit cards payable	21,361	-	-	21,361
Accrued payroll	96,867	-	-	96,867
Total current liabilities	136,811	10,514	-	147,325
NONCURRENT LIABILITIES:				
Security deposits	-	7,249	-	7,249
Mortgage Loan	-	1,264,900	-	1,264,900
Total noncurrent liabilities	-	1,272,149	-	1,272,149
TOTAL LIABILITIES	<u>136,811</u>	<u>1,282,663</u>	<u>-</u>	<u>1,419,474</u>
NET ASSETS:				
Without donor restrictions	4,313,866	3,443,957	(2,792,906)	4,964,917
With donor restrictions	352,264	-	-	352,264
Total net assets	4,666,130	3,443,957	(2,792,906)	5,317,181
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,802,941</u>	<u>\$ 4,726,620</u>	<u>\$ (2,792,906)</u>	<u>\$ 6,736,655</u>

See accompanying notes to consolidated financial statements.

RISE UP INDUSTRIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number		Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Community Development Block Grant, Expansion Project				
Pass-through program from: City of San Diego	14.218	*	R-314763	\$ 1,080,900
Community Development Block Grant, Reentry Program				
Pass-through program from: City of San Diego	14.218		R-315633	72,095
<i>Total Department of Housing and Urban Development</i>				<u>1,152,995</u>
<u>U.S. Department of Labor</u>				
WIOA: Incumbent Worker Training				
Pass-through program from: San Diego Workforce				45,000
WIOA: Adult Program	17.258			
Pass-through program from: City of San Diego				112,033
<i>Total Department of Labor</i>				<u>157,033</u>
<i>Total Expenditures of Federal Awards</i>				<u><u>\$ 1,310,028</u></u>

* Denotes major program

NOTE A – BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Rise Up Industries under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only selected portion of the operations of Rise Up Industries, it is not intended to and does not present the financial position, changes in nets assets, or cash flows of Rise Up Industries.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

NOTE C – INDIRECT COST RATE:

The Organization has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



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& FINANCIAL SERVICES

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Rise Up Industries
And Market St, LLC
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Rise Up Industries (a California nonprofit organization) and Market St, LLC, which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 18, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Rise Up Industries' internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rise Up Industries' internal control. Accordingly, we do not express an opinion on the effectiveness of the Rise Up Industries' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rise Up Industries consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pinnacle Accounting & Financial Services

PINNACLE ACCOUNTING & FINANCIAL SERVICES

Certified Public Accountants

Gold River, CA

August 18, 2025



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

To the Board of Directors of
Rise Up Industries
And Market St, LLC
San Diego, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rise Up Industries' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Rise Up Industries' major federal programs for the year ended December 31, 2024. Rise Up Industries' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rise Up Industries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Rise Up Industries and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Rise Up Industries' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Rise Up Industries' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Rise Up Industries' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Rise Up Industries' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Rise Up Industries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Rise Up Industries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Rise Up Industries' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Pinnacle Accounting & Financial Services

PINNACLE ACCOUNTING & FINANCIAL SERVICES

Certified Public Accountants

Gold River, CA

August 18, 2025

RISE UP INDUSTRIES
SCHEDULE OF FINDINGS AND QUESTION COSTS
Year Ended December 31, 2024

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Rise Up Industries were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Rise Up Industries, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal awards programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The independent auditors' report on compliance for the major federal award programs for Rise Up Industries expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The program tested as a major program are: City of San Digo, Community Development Block Grant for Expansion Project, ALN. 14.218.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Rise Up Industries was not determined to be a low-risk auditee.

RISE UP INDUSTRIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT.)
Year Ended December 31, 2024

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No findings noted.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

No findings noted.

D. PRIOR YEAR FINDINGS

No findings noted.

Rise Up Industries 2025 Organizational Budget

	Reentry Program	Prevention Program	Oper. Budget Total	LLC Budget	Total
REVENUE					
Donations	350,000	260,000	610,000	100,000	710,000
Major Gifts (\$5k+)	300,000	250,000	550,000	100,000	650,000
Annual Giving	50,000	10,000	60,000	0	60,000
Grants	2,520,000	365,000	2,885,000	1,750,000	4,635,000
Corporate/Foundation Grants	380,000	300,000	680,000	500,000	1,180,000
Government Grants	2,140,000	65,000	2,205,000	1,250,000	3,455,000
Fundraising Event	253,500	136,500	390,000	0	390,000
Social Enterprise	792,670	0	792,670	0	792,670
Silkscreening	26,900	0	26,900	0	26,900
Coffee	11,000	0	11,000	0	11,000
Machine Shop	750,000	0	750,000	0	750,000
MS Recycling	3,120	0	3,120	0	3,120
MS & Non-MS Merch	1,650	0	1,650	0	1,650
Rental Income	0	0	0	71,014	71,014
Other Revenue	37,450	0	37,450	0	37,450
TOTAL REVENUE	3,953,620	761,500	4,715,120	1,921,014	6,636,134
COGS (excludes labor & burden)	509,000	0	509,000	0	509,000
GROSS PROFIT	3,444,620	761,500	4,206,120	1,921,014	6,127,134
EXPENSES					
Payroll Expenses	2,138,283	633,714	2,771,997	0	2,771,997
Staff Salaries & Wages	1,244,592	560,920	1,805,512	0	1,805,512
Member Wages	674,862	0	674,862	0	674,862
PTO	13,000	7,000	20,000	0	20,000
PR Taxes for Permanent Staff	95,211	42,910	138,122	0	138,122
PR Taxes for Members	51,627	0	51,627	0	51,627
Employee Benefits	37,794	20,350	58,144	0	58,144
Worker's Comp	19,898	1,834	21,732	0	21,732
Unemployment Net Expenses	1,300	700	2,000	0	2,000
Facilities	12,960	22,900	35,860	115,729	151,589
Occupancy (Rent & Maint.)	0	22,300	22,300	43,715	66,015
Utilities, Phone, Internet	12,960	600	13,560	26,022	39,582
Property Taxes	0	0	0	35,192	35,192
Property Mgmt	0	0	0	10,800	10,800
Contract Services	111,519	12,736	124,255	0	124,255
Auditing/Tax Services	13,000	7,000	20,000	0	20,000
PR Service Fees	3,380	1,820	5,200	0	5,200
IT Develop/Maintenance	6,240	3,360	9,600	0	9,600
Drug Screening Services	565	160	725	0	725
Counseling	51,400	0	51,400	0	51,400
Math Instructor	2,400	0	2,400	0	2,400
Placement Manager	33,800	0	33,800	0	33,800
Marketing	734	396	1,130	0	1,130
Insurance	12,415	2,995	15,410	11,755	27,165
Other Operating Expenses	1,033,566	53,379	1,086,945	0	1,086,945
Shipping/Mailing	2,296	0	2,296	0	2,296
Printing/Copying	908	489	1,397	0	1,397
Equipment	882,572	7,100	889,672	0	889,672
Tooling	77,250	0	77,250	0	77,250
Software Purchased/Maint	17,870	100	17,970	0	17,970
Supplies	29,042	5,600	34,642	0	34,642
RUI Uniforms	4,000	310	4,310	0	4,310
Other Business Expenses	11,030	10,995	22,025	0	22,025
Meetings/Conferences/Food	6,180	28,785	34,965	0	34,965
Other Misc Expenses	2,418	0	2,418	0	2,418
Loan (Principal/Interest)	0	0	0	169,894	169,894
Tenant Improvements	0	0	0	1,616,074	1,616,074
Fundraising Expenses	45,500	24,500	70,000	0	70,000
Depreciation	53,218	0	53,218	0	53,218
Contingency	25,000	5,000	30,000	0	30,000
TOTAL EXPENSES	3,432,461	755,224	4,187,685	1,913,452	6,101,137
Net Income	12,159	6,276	18,435	7,562	25,997



...a place to belong.

Board of Directors

Ross V. Provenzano
Board Chair

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Steve Boyle
Vice-Chair

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Jackie Bendix

Real Estate Agent

George Chappell

CEO/Founder, Restoring Citizens

Alan Colton

Sr. Director of US Midstream, Sempra Infrastructure

Joey Nunez Estrada Jr., Ph.D.

Director and Assistant Professor, School Counseling Program,
San Diego State University; Director of Innovation and Impact,
Latino Coalition for Community Leadership

Gilbert J. Gentile, SJ, LCSW

Roman Catholic Jesuit Priest, Licensed Clinical Social Worker

Annie Korn

Executive Assistant, Hughes & Pizzuto APC

Keegan McNamara

Principal, McNamara Ventures

Emilie Proteau Mastro

Owner, S&S Carbide Tool

Ben Varghese

Principal Product Manager, Magic Leap